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U.S. DISTRICT COURT
DISTRICT OF MASS

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February 14, 2005

The Honorable Mark L. Wolf
District Judge
United States District Court
for the District of Massachusetts
John Joseph Moakley U.S. Courthouse
1 Courthouse Way, Room 2300
Boston, MA 02210

Re: *National Casualty Company v. First State Insurance Group*
U.S.D.C. Civil Action No. 04-10167MLW

Dear Judge Wolf:

We write to bring to the Court's attention the opinion in *Michigan Mutual Ins. Co. v. Unigard Security Ins. Co.*, 44 F3d 826 (9th Cir. 1995), which we believe is relevant to one of the issues before Court with respect to First State's motion for sanctions and motion to dismiss. Specifically, the Ninth Circuit's application of the material breach/termination contract principle in the reinsurance context, 44 F3d 832, bears on National Casualty's arbitral jurisdiction claims in its original Petition to Vacate Arbitral Order and Enjoin Further Arbitral Proceedings, or, In the Alternative, Remand (Argument B, pp. 10-16) and in its Amended Petition to Vacate an Arbitral Award and For Other Relief (Argument B, pp. 11-16).

Thank you for your attention to this matter.

Very truly yours,

Natasha C. Lisman

NCL/emh

cc: Lloyd A. Gura, Esquire
Thomas M. Elcock, Esquire

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